GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:766
ANSWERED ON:28.07.2005
SHORTFALL IN IOC PROFIT
Badiga Shri Ramakrishna

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) Whether the net profit of the Indian OIL Corporation has declined during 2004-05 in comparison to 2003-04;

(b) if so, the percentage and the amount by which the profit during 2004-05 has fallen and the reasons for such declining; and

(c) the steps being initiated to make up the losses?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) Yes, Sir.

(b)&(c): The profit after tax of Indian Oil Corporation Limited (IOC) decreased from Rs.7004.82 crore during 2003-04 to Rs.4891.38 crore during 2004-05, a decrease of about 30%. The decrease in profit is mainly attributable to higher under-recoveries during the year on the sale of petrol, diesel, PDS kerosene and Domestic LPG, as compared to those in the previous year, consequent upon non-revision of retail selling prices in line with international prices. The under-recoveries of oil marketing companies, including IOC, on account of the aforesaid products are being partly compensated by the upstream companies. IOC have taken the following steps towards containing their costs:-

- Optimizing the landed cost of products at various markets/destinations.
- Improving the crude mix for refining of products.
- Reducing the incidence of freight on crude oil purchase by deploying 'very large crude carrier' tankers.